

News from Ed Markey

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PITT MEETS WITH ANOTHER WALL STREET FIRM UNDER SEC INVESTIGATION

Markey, Dingell Question Judgment and Previous Pitt Statements

Washington, D.C.: Representative Ed Markey (D-MA), a senior member of the House Energy and Commerce Committee, and Rep. John Dingell (D-MI), ranking Democrat on the Committee, today sent a letter to SEC Chairman Harvey Pitt to express their alarm about Mr. Pitt's decision to, once again, hold private meetings with the heads of firms that are the target of inquiries while excluding the enforcement staff. According to a report printed in The Washington Post, Mr. Pitt, without informing the SEC's enforcement staff, met last week with the chairman of Goldman Sachs Group Inc., which is the subject of an enforcement division inquiry into the firm's IPO allocations and possible conflicts-of-interest between its research and investment banking activities. Six months ago, following a similar episode involving KPMG, Inc., Chairman Pitt assured Reps. Markey and Dingell that he would no longer hold such meetings.

"I am very anxious to hear Chairman Pitt's explanation of this latest tryst in direct contradiction of his own stated policy against such meetings," said Markey. "The absence of enforcement staff in these meetings undermines the credibility of the Commission and damages the morale of Commission staff, who are working hard to meet the challenges of an increased number of corporate fraud cases."

In April 2002, Chairman Pitt met with KPMG's CEO while the Commission was investigating KPMG for its auditing work at Xerox. Following media reports that the Commission's inquiry into KPMG was raised during the private meeting, Rep. Markey and Rep. Dingell wrote to Chairman Pitt to request a full accounting of the circumstances and subject matter of the meeting. In his response to the correspondence from Rep. Markey and Rep. Dingell, Chairman Pitt noted "[I]n instances where a company or firm is under investigation by the Commission, I will do my utmost to avoid even the appearance of impropriety in instances where such meetings could be misconstrued."

"Chairman Pitt assured us that he would exercise great care when meeting with companies under investigation by the Commission. His recent meeting with the chairman of Goldman Sachs appears to be inconsistent with the policy he described after meeting with KPMG's CEO, and I once again urge Chairman Pitt to refrain from such meetings. They erode confidence in the Commission's impartiality and they send a message to firms under SEC investigation that they can make their case directly to Commissioners without the presence of Commission investigators," Rep. Markey said.

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